

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03  
CIEP-01 LAB-04 SIL-01 OMB-01 VO-03 SCA-01 CU-02  
ACDA-07 /111 W

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R 231127Z DEC 76  
FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC 7606  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
AMEMBASSY BONN  
AMEMBASSY BUCHAREST  
AMEMBASSY MOSCOW  
AMEMBASSY PARIS  
AMEMBASSY PRAGUE  
AMEMBASSY ROME  
AMEMBASSY SOFIA  
AMEMBASSY VIENNA  
AMEMBASSY WARSAW  
USMISSION GENEVA  
USMISSION NATO

C O N F I D E N T I A L SECTION 1 OF 2 BUDAPEST 4276

E.O. 11652: GDS  
TAGS: PFOR, HU, AU, GW, CSCE  
SUBJECT: KADAR VISIT TO AUSTRIA

REF: (A) FBIS 07222Z DEC 76, (B) VIENNA 10161

1. SUMMARY: EMBASSY HAS HAD OPPORTUNITY REFLECT ON KADAR  
VISIT TO HUNGARY EARLIER THIS MONTH AND TO DISCUSS IT WITH  
MFA DIRECTOR, DEPARTMENT V, BARTHA AND AUSTRIAN COUNSELOR OF  
EMBASSY. WE NOW WISH TO SUPPLEMENT EMBASSY VIENNA'S EXCELLENT  
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REPORTING AND ANALYSIS OF VISIT WITH ADDITIONAL DETAILS AND  
OBSERVATIONS, PARTICULARLY CONCERNING ELIMINATION OF VISAS  
FOR AUSTRIAN TOURISTS, HUNGARY'S RELATIONS WITH WEST,  
AND KADAR'S PRESS CONFERENCE REMARKS ON CSCE, SOVIET  
TROOPS IN HUNGARY, AND EUROCOMMUNISM. END SUMMARY.

2. TRADE WITH AUSTRIA. ACCORDING AUSTRIAN COUNSELOR, GOH ASKED AUSTRIA TO ACCORD SAME TARIFF TREATMENT TO HUNGARY AS IT ACCORDS TO EFTA AND EC, THAT IS, FREE ENTRY FOR MOST HUNGARIAN INDUSTRIAL EXPORTS AFTER A TRANSITION PERIOD. AUSTRIAN COUNSELOR SAID HE BELIEVES THAT AS A RESULT OF VISIT, FOR FIRST TIME GOH UNDERSTANDS AUSTRIAN EXPLANATION THAT SUCH PREFERENTIAL TREATMENT EXCLUDED BY GATT RULES WHICH PERMIT PREFERENTIAL TREATMENT SUCH AS EXISTS BETWEEN EC, EFTA AND AUSTRIA ONLY IN CASES OF FREE TRADE ZONES (BUDAPEST 3140, BUDAPEST 1733).

3. TRADE WITH WEST. EMBASSY WISHES TO POINT OUT THAT IN WIDER CONTEXT KADAR'S VIEWS ON WHOLE QUESTION OF HUNGARY'S TRADE WITH WEST CAME OUT IN HIS PRESS CONFERENCE. KADAR SAID HUNGARIANS ENVY COUNTRIES WHICH NOT DEPENDENT, LIKE HUNGARY, ON INTERNATIONAL TRADE FOR LARGE PROPORTION OF THEIR NATIONAL INCOME. HE ADDED HELSINKI CALLED FOR WIDESPREAD EXPANSION OF MUTUALLY ADVANTAGEOUS ECONOMIC RELATIONS WHICH VITAL TO HUNGARY. ALMOST IN THE SAME BREATH HE THUS EXCUSED AND UNDERLINED HUNGARY'S EAGERNESS FOR CLOSE TRADE TIES WITH WESTERN COUNTRIES. HE NO DOUBT HAD IN BACK OF HIS MIND GOH HOPES ULTIMATELY FOR AN END TO WHAT IT REGARDS AS DISCRIMINATION BY EEC AND EXTENSION OF MFN BENEFITS TO HUNGARY BY U.S.

4. ABOLITION OF VISAS. AS EMBASSY VIENNA NOTED, KREISKY HAS RAISED BEFORE POSSIBILITY OF ELIMINATION OF VISAS FOR AUSTRIAN TOURISTS. ACCORDING AUSTRIAN COUNSELOR HERE, KADAR WAS MORE RESPONSIVE TO THIS  
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SUGGESTION THAN IN PAST AND LEFT IMPRESSION VISA REQUIREMENT MIGHT EVEN BE LIFTED IN 2-3 YEARS. HOWEVER, WHILE KADAR MAY HAVE STRESSED PROBLEM OF SHORTAGE OF HOTELS AND OTHER TOURIST FACILITIES FOR AUSTRIAN TOURISTS, REAL REASON GOH RELUCTANT ELIMINATE VISAS IN HUNGARIAN FEAR THAT AUSTRIAN TOURISTS WOULD BUY UP VIRTUALLY ALL GOODS IN WESTERN HUNGARY, DRIVING UP PRICES OF FOOD AND OTHER ITEMS AND CREATING SHORTAGES. AUSTRIANS REGARD THIS REASONING AS LEGITIMATE. DESPITE KADAR'S APPARENT GOODWILL ON THIS ISSUE, IT IS DOUBTFUL THAT CONDITIONS WILL SOON ALLOW GOH TO CHANGE VISA REQUIREMENTS FOR AUSTRIANS.

5. KADAR AND WESTERN PRESS. KADAR HAS LONG BEEN SENSITIVE TO WESTERN PRESS CRITICISM AND CONSCIOUS OF NEED TO IMPROVE HIS AND THUS HUNGARY'S IMAGE ABROAD. THIS WAS INDICATED MOST RECENTLY BY HIS LENGTHY REMARKS TO PRESIDENT KEKKONEN LAST MONTH (BUDAPEST 3998).

IT ALSO EXPLAINS KADAR'S WILLINGNESS HOLD PRESS CONFERENCE AT HUNGARIAN EMBASSY IN VIENNA. AUSTRIAN COUNSELOR TOLD EMBOFF THAT KADAR WAS EXTREMELY NERVOUS ABOUT CONFERENCE AS HE RODE TO EMBASSY IN PRESENCE OF AUSTRIAN OFFICIAL JUST PRIOR TO MEETING PRESS. AFTERWARDS, HOWEVER, KADAR WAS OPENLY ELATED WITH THE WAY CONFERENCE WENT. AS FAR AS THIS EMBASSY CAN RECALL, THIS IS FIRST TIME KADAR HAD EVER HAD SUCH A CONFERENCE WITH WESTERN REPORTERS. ITS SIGNIFICANCE SHOULD NOT BE OVER-RATED, HOWEVER, SINCE HOLDING PRESS CONFERENCE IS STANDARD PROCEDURE WHEN HEADS OF STATE VISIT WESTERN COUNTRIES. FACT THAT IN ANSWERING QUESTION DURING CONFERENCE KADAR RELATED INCREASE IN EAST-WEST TOURISM TO IMPROVEMENT, FROM HIS POINT OF VIEW, IN OBJECTIVITY OF WESTERN NEWS MEDIA REPORTING ON HUNGARY IS, IN OUR VIEW, A GOOD SIGN.

6. CSCE. LIKE EMBASSY VIENNA, WE WERE STRUCK BY REPEATED REFERENCES TO HELSINKI FINAL DOCUMENT IN KADAR CONFIDENTIAL

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PRESS CONFERENCE. WHILE KADAR DID NOT FAIL REITERATE COMMON WARSAW PACT VIEWPOINTS ON HELSINKI IMPLEMENTATION, HE SEEMED TO US TO GO A LITTLE FARTHER IN MEETING WESTERN NEEDS THAN MOST, MAKING AN OPEN ALLUSION TO BASKET III IMPLEMENTATION BY REFERRING TO DESIRABILITY OF DISCUSSION IN BELGRADE INTER ALIA "PLEDGES ON THE AGENDA IN HELSINKI CONCERNING THE GENERAL RAPPROCHEMENT OF PEOPLES". WITH RESPECT AUSTRIAN-HUNGARIAN PRESS TIES, AUSTRIAN COUNSELOR SAID THAT KADAR HAS PROPOSED SPECIAL MEASURES TO FACILITATE COVERAGE OF HUNGARIAN EVENTS BY AUSTRIAN REPORTERS BUT THAT AUSTRIANS DID NOT TAKE HIM UP ON IT SINCE THERE IS LITTLE INTEREST AMONG AUSTRIAN JOURNALISTS IN BEING ACCREDITED TO HUNGARY. KADAR IS ALSO SAID TO HAVE INDICATED TO AUSTRIANS HIS WILLINGNESS TO RELAX RESTRICTIONS ON DISTRIBUTION OF AUSTRIAN NEWSPAPERS IN HUNGARY.

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AMBASSY PRAGUE 2302  
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AMEMBASSY VIENNA  
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C O N F I D E N T I A L FINAL SECTION OF 2 BUDAPEST 4276

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7. KADAR ON SOVIET COMMITMENT TO DETENTE. AUSTRIAN COUNSELOR, WHO ONE OF MORE ASTUTE MEMBERS OF BUDAPEST DIPCORPS, SAID HE HAD OVER HOUR'S CONVERSATION WITH KADAR AS THEY AWAITED DELAYED AIRFLIGHT TO VIENNA. HE SAID HE EMERGED FROM CONVERSATION WITH CONVICTION THAT KADAR BELIEVED SOVIET UNION IS COMMITTED TO DETENTE. KADAR GAVE AS HIS MAIN REASON FOR THAT VIEW SEVERITY OF SOVIET UNION'S INTERNAL ECONOMIC PROBLEMS.

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8. EUROCOMMUNISM. WITH REGARD TO KADAR'S REFUSAL TO CONDEMN COMMUNISM, AMBASSADOR BARTHA GAVE HIS INTERPRETATION OF KADAR'S REMARKS. BARTHA TOLD CHARGE KADAR AND HSWP BELIEVE THERE IS NO SUCH THING AS "EUROCOMMUNISM" WHICH IS WHAT HE MEANT TO CONVEY WHEN HE REPLIED TO QUESTION OF ITALIAN CORRESPONDENT THAT HE DID NOT SHARE VIEW PUT FORWARD IN QUESTION. KADAR THINKS COMMUNIST PARTIES IN WESTERN AND SOUTHERN EUROPE MUST OPERATE WITHIN THEIR OWN PECULIAR ENVIRONMENT. IT IS UP TO THEM TO DETERMINE THE BEST TIMING AND TACTICS FOR COMING TO POWER IN THOSE COUNTRIES. THIS JIBES WITH WHAT NEWSZABADSAG EDITOR PETER RENYI TOLD CHARGE EARLIER.

HE SAID IT WAS KADAR'S VIEW THAT STRESS ON RELATIONS BETWEEN COMMUNIST PARTIES IN POWER AND THOSE NOT YET IN POWER SHOULD BE MORE ON SOCIALIST SOLIDARITY. COMMUNIST PARTIES IN POWER SHOULD LEAVE TO THOSE NOT IN POWER DECISIONS AS TO HOW THEY MUST OPERATE. HE ADDED, HUNGARY OBVIOUSLY BELIEVES IN DICTATORSHIP OF THE PROLETARIAT BUT THERE NO REASON WHY COMMUNIST PARTIES IN EUROPE NEEDED TO FOLLOW EE MODELS IN MAKING POLICY DECISIONS WHICH THEY COULD BETTER MAKE IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES AND REQUIREMENTS. THIS CORRESPONDS ALSO WITH VIEWS EXPRESSED IN HSWP CENTRAL COMMITTEE COMMUNIQUE IN EARLY NOVEMBER (BUDAPEST 3796).

9. SOVIET TROOPS IN HUNGARY. KADAR'S REMARKS IN PRESS CONFERENCE ON PRESENCE OF SOVIET TROOPS IN HUNGARY HAD AN INTERESTING TWIST TO THEM. AFTER STATING THAT REASON FOR PRESENCE OF SOVIET FORCES "TEMPORARILY STATIONED" IN HUNGARY "DOES NOT REST IN INTERNAL POLITICS", KADAR SAID ISSUE IS LINKED WITH GENERAL WORLD POLITICAL SITUATION. REFERRING TO RECENT POLITICAL CONSULTATIVE COMMITTEE MEETING IN BUCHAREST, KADAR WENT ON TO SAY: "WE PUBLICLY STATED ONCE MORE THAT WE ARE WILLING TO ABOLISH THE WARSAW PACT ORGANIZATION  
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SIMULTANEOUSLY WITH NATO. WE PROPOSED IF TIME IS NOT RIGHT FOR THIS, AT LEAST WE SHOULD STRIVE NOT TO EXPAND THESE TWO MILITARY GROUPS. THEREFORE, IF PROGRESS CAN BE MADE ON THESE FUNDAMENTAL ISSUES AND THE GENERAL SITUATION CONTINUES TO IMPROVE, THEN OBVIOUSLY THE PRESENCE OF SOVIET FORCES IN HUNGARY WILL NO LONGER BE REQUIRED." THKEN AT ITS FACE VALUE, KADAR STATEMENT IGNORES FACT THAT HUNGARY PROVIDES CHOICE STAGING AREA FOR SOVIET FORCES IN EVENT OF MOSCOW'S DESIRE TO USE MILITARY FORCE OR PRESSURE AGAINST EITHER ROMANIA OR YUGOSLAVIA.

10. COMMENT: EMBASSY REGARDS KADAR'S ASUTRIAN TRIP AS PART OF GOH'S SLOWLY EVOLVING POLICY TO IMPROVE HUNGARY'S RELATIONS WITH WEST AND AS A REHERSAL FOR HIS PROJECTED VIST TO FRG. KADAR, WE BELIEVE, IS NOT UNMINDFUL OF INCREASED LEGITIMACY THESE VISITS ABROAD CAN BESTOW UPON HIMSELF AND HIS REGIME. AT SAME TIME, AS PART OF GENERAL STRESS ON FINDING GREATER MARKETS FOR HUNGARY'S PRODUCTS IN WEST, HE USED VISIT TO LEND HIS PERSONAL SUPPORT TO EFFORTS TO OBTAIN CONCESSIONS FROM AUSTRIANS. ALTHOUGH KADAR APPARENTLY FAILED TO ACHIEVE ANYTHING ON TRADE SIDE, HE APPEARS TO HAVE marginally ADVANCED HUNGARY'S

WIDER FOREIGN POLICY OBJECTIVES WHILE IN AUSTRIA.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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